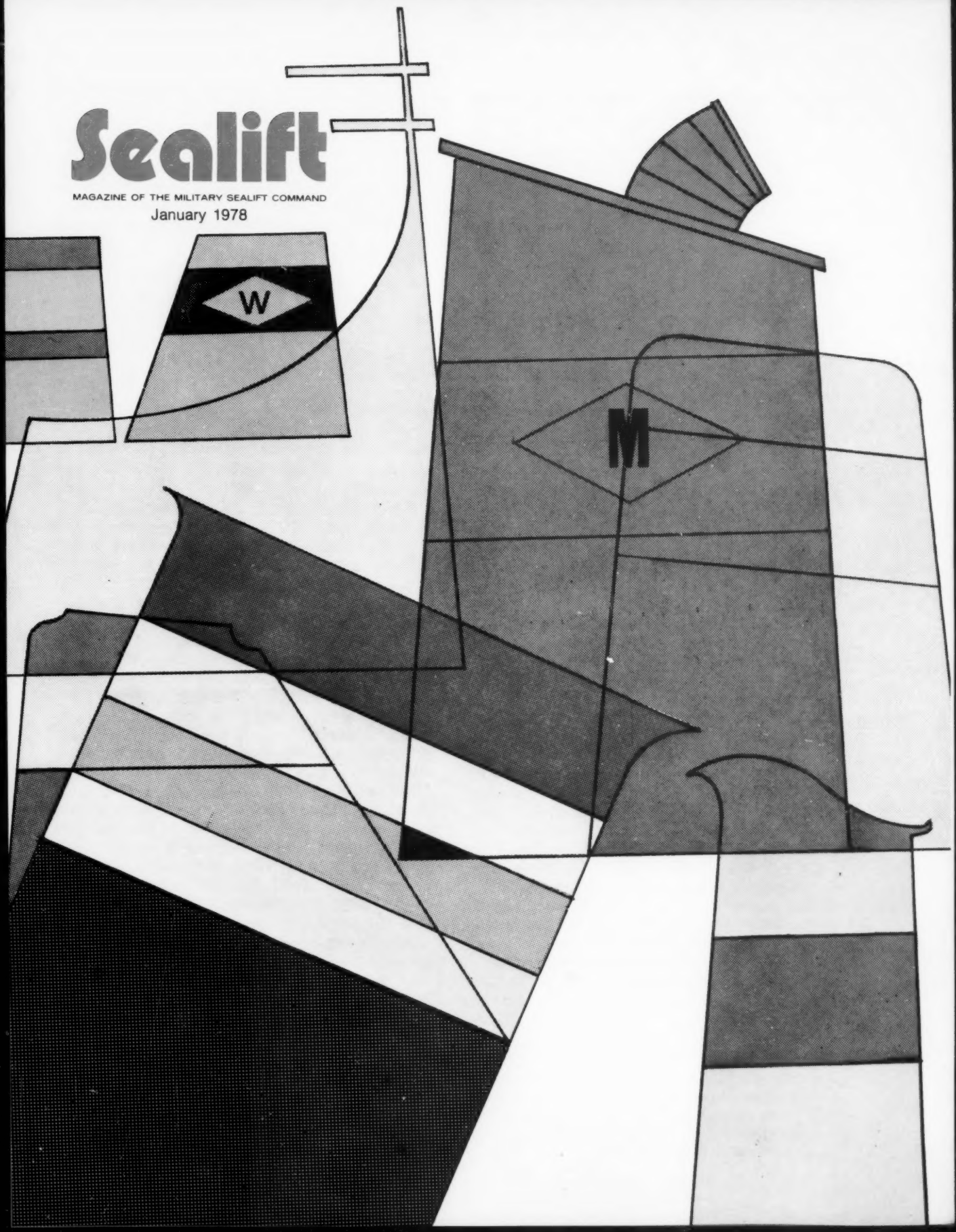
Sealift

MAGAZINE OF THE MILITARY SEALIFT COMMAND
January 1978



Reflections & Resolutions

Just as certain as the annual return of the swallows to Capistrano is man's devotion to reflection at the beginning of each new year. It has often been said—and will be again—that we look to the past to gain insight and understanding of the present, so that we can plan for the future.

True or not, there is something to be said for review of the events which have involved us during the past 12 months. We reinforce the lessons we have learned so that we can apply them in the future. We benefit from our mistakes by insuring that we do not repeat a particular action or decision, and suffer the same consequences.

This special issue of Sealift magazine is devoted to review of some of the events involving Military Sealift Command during 1977. Even with the extra pages, coverage is limited. Few names are used for it is extremely difficult to single out a limited number of individuals when credit is properly shared by many.

But, this enlarged issue of Sealift does emphasize the fact that Military Sealift Command is simultaneously an integral element of the U.S. Navy and a substantial business type organization. Throughout the pages of the MSC magazine are examples of our reliance on the U.S. maritime industry, and the cooperative effort we exert in support of our collective security.

There are achievements that could be covered more adequately in these pages. Rescues at sea, for example, are hardly mentioned although they are convincing examples of the bravery, devotion and professionalism of those who man MSC controlled ships. Little attention is given reorganizational changes made by the previous MSC commander, Rear Adm. Sam H. Moore. Neither is there any coverage of the change of command during which I succeeded Admiral Moore.

I have made few significant changes in MSC or operations since that time. I have, however, reshaped some of the views I previously held. My opinion of MSC's seagoing personnel, for example, has changed from respect to unstinting admiration. I came to MSC with the knowledge that it would be a far different assignment than any I had held previously. But, I did not fully appreciate either the depth of the challenges I would face or the scope of the decisions I would be called on to make, the professionalism of the staff I rely on, or the extent of Navy reliance on the maritime industry.

I am now convinced that my position as the commander of MSC is the most demanding and yet potentially the most rewarding of all my Navy assignments.

I also am aware that the command has not been given the recognition it deserves, and that there is far too little appreciation of the stature, ability, dedication and overall performance of the men and women who are the heart and soul of the Navy's sealift organization.

That can be changed and I intend to do all that I can to bring about such a change—in the near future.

There is a tendency, I think, to visualize the future as a distant point in time. We speak of our plans after we get married and settle down, when we have children, after they graduate, or when we retire. But, the philosophy of a well-known football coach, a winning coach, is expressed in the short phrase: "The future is now." His objective is to win and he believes that actions necessary to assure winning must be taken now rather than over the long term.

That goal oriented, do-it-now philosophy applies as readily to an all-world team of transportation professionals as it does to a group of all-American athletes.

Accordingly, I have drawn up a short list of goals that

I think have command-wide application. They are a starting point for our 1978 efforts and can and should be supplemented by each one of us as we go along.

Working together, pooling our expertise, sharing our problems, and exerting our collective abilities we can assure that Military Sealift Command meets all requirements assigned to it, that we operate as effectively, economically and efficiently as possible, and that we strengthen our already close working relationships with both the maritime industry which supports our efforts and the military customers we serve.

Our central theme for 1978 is illustrated by a phrase from an old and once popular song that advised we accentuate the positive and eliminate the negative. If I could alter the next line a bit I would suggest that we not be satisfied with anything in between.

MSC often has been accused of being "negative" when we were only trying to tell it like it is. That problem is understandable for in a business type military organization such as MSC there is a bottom line. Unlike most military units, we have a profit and loss statement and managerial attention generally is focused on problems rather than on achievements. It is the problems that we must overcome, the shortages we must compensate for, the adjustments that we must make that demand the bulk of our management attention.

While basking in the limelight of our achievements is ego reinforcing, it does not provide solutions we seek. Result is that we may have tended to focus a lot of our attention on the negative aspect of our operations, on shortcomings in contingency capability, or trends that adversely impact sealift capability.

We can and should be more balanced in our approach. While coping with our challenges, we must never lose sight of the brighter side, our accomplishments, our capabilities, our continuing pursuit of overall excellence. And in using the collective pronoun, I refer to our entire transportation team, military and private sector. We are one team.

Throughout 1978 we should consciously strive to be positive in all that we say and do, as a group and as individuals. We should seek to translate the following New Year's resolutions into a concerted, year-long command effort.

* *We will never for a moment forget that it is people who make the command what it is and each of us will therefore do our utmost to insure that MSC is a personally satisfying and rewarding place to work.*

* *We will be open to ideas of other people, senior and junior alike, recognizing that everyone's ideas, thoughts and feelings are vital to our success. In so doing we shall continually strive to encourage the flow of communication and ideas by all members of the team.*

* *We will be candid and honest with one another, sharing our views and our experiences, assuring that all information is available to those who make decisions or develop command policies rather than playing it safe by reporting or suggesting only what we think they may want to hear.*

* *We will be always ready to meet any contingency requirement, whether it be the result of a natural disaster, brush-fire conflict or all-out war.*

* *Cost effective and reliable service to our "customers" shall be our watchword. We shall never for a moment forget our primary obligation to our customers.*

* *We also will exercise imagination and ingenuity in reducing our administrative and overhead costs—saving money and other resources to the maximum extent. No potential savings are too small to escape our attention.*

* *We will make a supreme effort during 1978 to dramatically improve our material readiness and to insure the reliability of the assets we have at our disposal.*

* *Honestly and frankly acknowledging that we must do an even better job of resource management in 1978, we will concentrate on developing a coherent, systems approach to management of our resources, services and overall organization. We will keep in mind the fact that each individual and unit is a part of the whole and not an autonomous element of our organization for we realize that our strength lies in collective and integrated action.*

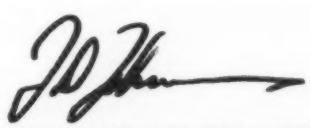
* *We will do everything possible to enhance the vital interrelationship between the U.S. Merchant Marine and the U.S. Navy and to forge a true partnership between these two key elements of national seapower.*

* *We will not be bound by the fetters of the past but will instead use the experience we have gained as a means of advancing our capabilities through imaginative, innovative and forward-looking programs and operations.*

* *We shall plan our actions, basing them on fact and analysis of all information available, rather than being content to merely react to events, requirements or assignments levied upon us. We will keep in mind our status as the professional and authoritative voice of sealift within the U.S. Navy and the Department of Defense.*

We can all support those resolutions but there is another you should be made aware of, one I have made: *I will support each member of Military Sealift Command, and the organization itself, to the very limit of my ability and to the full extent of my authority in 1978.*

These are far-reaching resolutions. If we adhere to them we can accomplish a great deal in 1978 while at the same time benefiting ourselves. There may be others that should be noted—other actions that need to be taken if we are to help influence our future. I would be happy to receive any suggestions you may have. In the meantime, I wish each of you a very rewarding and happy new year.



Commander, Military Sealift Command

Highlights of 1977

JANUARY

USNS Sealift Arabian Sea rescued 23 Vietnamese refugees in the South China Sea.

USNS Bland arrived at McMurdo in the Antarctic with cargo for Deep Freeze '77.

MSC sponsored industry-government transportation conference at Vaihingen, Germany.

FEBRUARY

USNS Taluga and USS Roanoke conducted cold weather tests in Bering Sea.

USNS Maumee delivered 114,000 barrels of fuel to Antarctica.

Donald M. Gardner, MSC deputy operations officer, retired after 36 years with the government.

U.S. and Canadian reservists took part in largest of the six annual Spring Thaw exercises.

MARCH

MSC, Atlantic Commander Rear Adm. Frank B. Guest died.

USNS Meteor rescued eight survivors from a sinking yacht in the North Pacific.

USNS Navasota transported helicopters and military personnel from Subic Bay to Okinawa.

APRIL

Crewmen and scientists from the USNS Kane joined Russian counterparts at an international hydrographic conference in Monaco.

USNS Sealift Mediterranean conducted underway replenishment training with USS Canisteo near Jacksonville, Fla.

MAY

USNS Potomac took part in exercise Solid Shield '77 with USS Canisteo off the Virginia Capes.

USNS Taluga refueled the USS Kitty Hawk for its 1,000th underway replenishment as a civilian manned oiler.

JUNE

USNS Sealift Mediterranean took part in three rescue operations within five days.

The master and crewmen of USNS Sealift China Sea received awards for their rescue of 31 survivors of the sunken MV Victory Glee.

Rear Adm. John D. Johnson, Jr. succeeded Rear Adm. Sam. H. Moore as MSC commander.

MSC reported saving $5 million in the previous 17 months by temporary and early releases of chartered ships.

JULY

Capt. Herman Fritzke became permanent commander of MSC, Atlantic.

Capt. Thomas Kiefaber took command of MSC, Eastern Atlantic and Mediterranean.

Capt. Charles Christensen, Jr. succeeded Rear Adm. John T. Coughlin as commander of MSC, Pacific.

Cranes were put aboard SS Transcolumbia in preparation for a LOTS exercise at Fort Story, Va.

Capt. Joseph Culbert succeeded Capt. Robert Richards as commanding officer of MSC, Gulf.

AUGUST

USNS Potomac struck ice off the coast of Greenland and spilled 2,500 barrels of bunker fuel.

USNS Comet and USNS Callaghan participated in an annual mobility exercise, Reforger '77.

MSC representative John Ahrens at Thule, Greenland was commended by Coast Guard cutter captain for his participation in Arctic East operations.

SEPTEMBER

Control of oiler USNS Mississinewa transferred from MSC, Pacific to MSC, Atlantic.

The newly christened carrier USS Eisenhower completed its first underway replenishment with the USNS Marias.

OCTOBER

USNS Callaghan and the SS Washington departed Europe with Reforger '77 equipment.

SS Washington diverted to the Azores after a severe storm shifted cargo injuring the chief mate.

The first MSC-chartered strategic petroleum reserve tanker delivered oil to storage site on U.S. Gulf Coast.

NOVEMBER

SS Washington arrived at Beaumont, Texas to close Reforger '77.

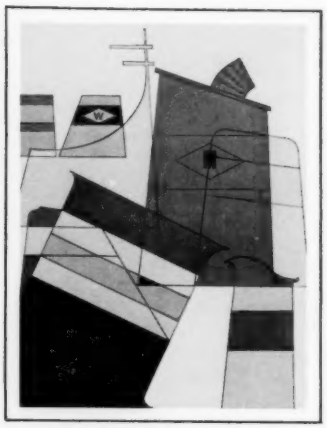
USNS Sealift Antarctic diverted to take on emergency drinking water for the Dutch island of Curacao.

DECEMBER

Work completed in converting USNS Hess from a cargo liner to a deep ocean survey vessel.

An astern refueling rig was installed aboard USNS Sealift Indian Ocean, the sixth to be put aboard an MSC ship.

USNS Bland and Maumee deployed for Deep Freeze '78.

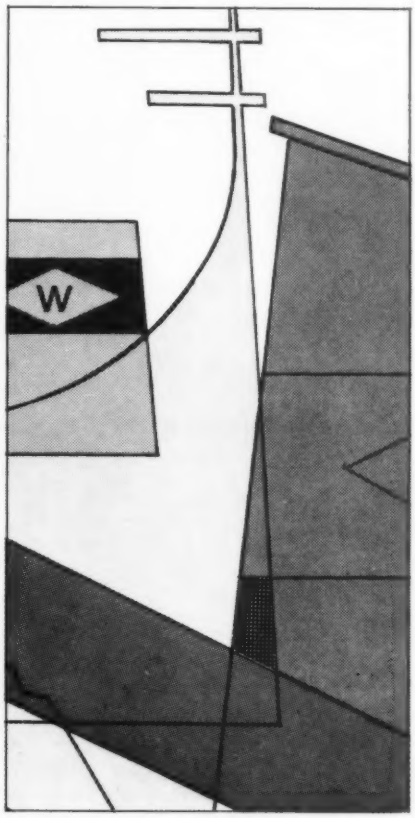


Cover by Art Mullins.

Sealift

MAGAZINE OF THE MILITARY SEALIFT COMMAND

Vol. XXVIII No. 1 Washington, D.C. January 1978



Highlights	4
Operations	6
ADP Systems	12
Personnel	14
Engineering	18
Exercises	22
Communications	24
Contracting	26
Naval Reserves	28
Plans, Programs	30
Financial	33
Self-Insuring	35

Rear Adm. John D. Johnson, Jr.
Commander, Military Sealift Command

Larry C. Manning
Legislative and Public Affairs Officer

Louis R. Granger
Public Affairs Officer

Louis Panarale
Editor

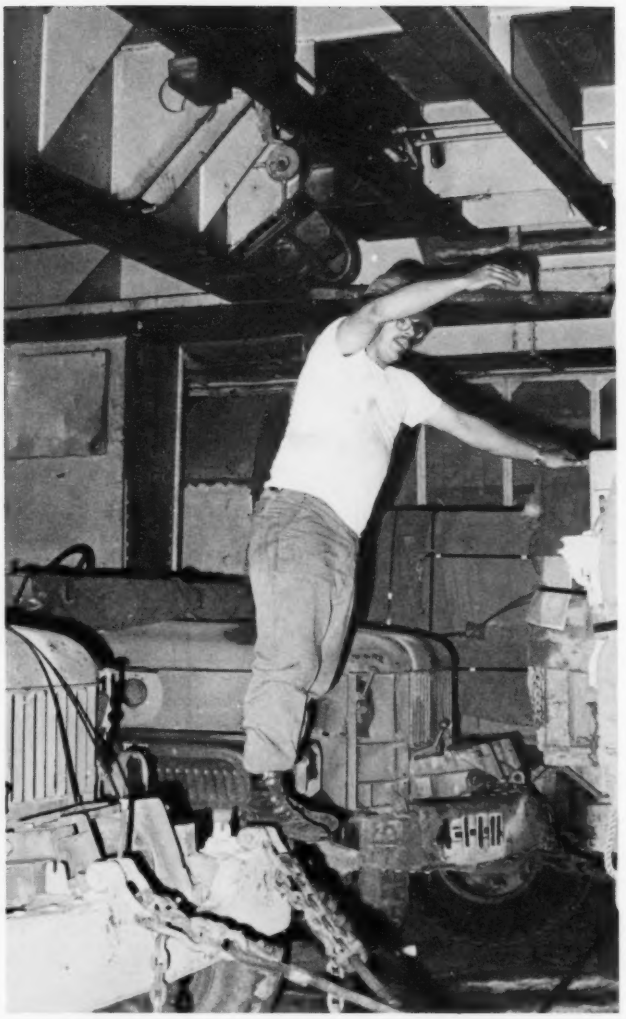
Henry L. Balloon
Graphics

Russ Egnor
Photo

Linda M. Quinones
Contributing Writer

Sealift, monthly magazine of the U.S. Navy's Military Sealift Command, is published in accordance with Department of the Navy Publications and Printing Regulations (NAVEXOS P-35). Opinions expressed are not necessarily those of the Navy Department. All original material may be reprinted providing credit is given Sealift. Address all correspondence to Legislative and Public Affairs Office, Military Sealift Command, Department of the Navy, Washington, D.C. 20390. Price 75 cents (single copy). Subscription price, $8.20 per year, $2.05 additional for foreign mailing. Also for sale by Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Operations Office: Backbone of MSC



An Army stevedore guides a truck into position aboard the USNS Comet. Most dry cargo MSC delivers is moved for the Army.

The backbone of MSC may well be its operations office, a skilled group of managers who direct dry cargo, tanker, fleet support and special project ship operations.

Composition of the command-controlled dry cargo fleet in 1977 remained much the same as in 1976—27 controlled ships plus two bulk carriers and three medium landing ships. Six of the 27 dry cargo vessels are specialized government-owned vessels. The remainder, time chartered, included 14 Challengers; 4 modified C-4s; 2 heavy lift ships and a roll-on, roll-off carrier.

MSC anticipated placing ships in reduced operational status for a total of seven ship years in 1977. However, due to unexpected changes in commodities carried, ships actually placed in reduced operational status during the year totaled only 3.1 years.

Worldwide dry cargo requirements received for fiscal year 1977 totaled more than 7.6 million measurement tons. Actual lift, however, was 3.4 per cent less, about 7.3 million measurement tons. Although this variance did not significantly impact MSC plans to keep some ships in reduced operational status, a 46.2 per cent increase in ammunition and a 34.6 per cent increase in special or heavy lift cargo did.

A major portion of the increased heavy lift cargo consisted of new 1¼-ton M-880 trucks which are replacing the Army's old ¾ and 1¼-ton trucks

MSC controlled dry cargo ships lifted 97 per cent of the Defense anticipated ammunition requirements and 70.6 per cent of projected heavy lift cargo, including many M-880 trucks which accounted for the biggest portion of the dry cargo moved from the Gulf Coast to Europe in 1977.

Full ship loads normally were carried by the Civil Service manned, roll-on, roll-off ships Comet and Meteor and three C-4 ships operated by Central Gulf Lines. The Meteor had been operating in the Pacific but was

transferred to the Atlantic to transport Army trucks from the Gulf and East Coasts to Europe.

Most dry cargo lifted during FY 1977 was moved for the Army, nearly 3.9 million measurement tons, only 6 per cent below anticipated requirements. MSC moved more than 1.3 million tons of dry cargo for Navy, 17.5 per cent below project requirements. Marine Corps cargo was nearly 129,000 tons, 16.6 per cent under original projections. Air Force cargo was 1.1 million tons, less than 1 per cent under projections. Other Defense agency and non-military lifts totaled 912,400 tons, 48.6 per cent above projections.

A major reason for the increase in other defense cargo stemmed from the fact that in July 1976 the Defense Logistics Agency was charged with providing all sustenance type cargo for overseas troops. Previously this cargo was offered by the individual services.

In 1977, a trial "three coast" MSC service was established following the reduction of commercial breakbulk service between the U.S. East and West coasts and between the Far East, Mid-Pacific and East Coast. To meet military needs, MSC placed four chartered Challengers on once-a-month service between the East Coast, Gulf Coast and West Coast and Far East.

Three additional Challengers continued to operate between the West Coast, Mid-Pacific and Far East. The remaining MSC controlled ships operate worldwide as requirements dictate.

Experience gained in 1977 indicates that more containerized Defense cargo heading to the Far East from the U.S. East Coast will be going overland to the West Coast and then shipped by ocean carriers.

Steamship companies are providing less all-water service between Europe or the U.S. East Coast to the Far East, to some extent because of expected rate increases for transiting the Panama Canal.

However, Defense cargo destined for some Pacific areas such as the Philippines may continue to be sent by the more direct route through the canal.

At the beginning of each rate change cycle MSC determines the most favorable cost—all water versus mini bridge routes—and MSC area commands advise Military Traffic Management Command offices that recommend routing of containerized cargo.

Based on 1977 operations, the command expects to increase the use of roll-on, roll-off shipping to the Mid East until port congestion problems in that area are resolved.

In December 1977 five container ships were under construction but no barge ships or roll-on, roll-off vessels. Three LASH ships are scheduled for conversion to

MSC charters privately owned bulk carriers such as the SS Merrimac to deliver coal to U.S. troops in Europe.

A major portion of 1977 cargo consisted of new 1¼-ton M-880 trucks which were delivered overseas.

non-self-sustaining container ships. In light of this picture, MSC feels Defense Department must rely heavily on non-self-sustaining container ships for contingency use.

A major problem MSC operational managers faced during 1977 was improving utilization of assets at their disposal, using each ship and supporting system to achieve greatest possible productivity at the lowest possible cost.

CALSTAT, or Cargo Ship Location, Status and Utilization system, was initiated during 1977 to improve ship management. The analytical system gives MSC the ability to evaluate performance of ships on a daily and worldwide basis.

CALSTAT, through computer printouts, provides headquarters and area commands with the day-to-day itinerary and the status of controlled cargo ships and tankers, projected ship arrival time by port, miles steamed and fuel used, and data summaries of each ship.

Other systems are available to aid maritime managers. Approximately nine years ago maritime industry and government officials launched a Ship Operations Information System (SOIS) project which was designed to encourage development of advanced data processing systems for the shipping industry.

Objective was to help U.S.-flag dry cargo carriers to be more competitive with foreign-flag carriers. According to the Maritime Administration, that objective has been met. More is being done.

A program to provide ship characteristics will be fully automated and MSC is studying the feasibility of receiving from the Maritime Administration ship characteristics data in automated form for continuous updating of the MSC ship characteristics file.

Also, MSC will monitor the progress of a contract awarded to General Electric Corp. by the Maritime Administration to develop new SOIS information and to install the six most popular programs on the company's Mark III international computer network.

The six programs are: bills and receipts processing, equipment control, European accounts receivable, port analysis and voyage performance and voyage planning.

President Jimmy Carter's National Energy Plan to stockpile a billion barrels of oil to offset possible disruptions of oil supplies launched a major project in 1977 for the MSC tanker division—the transportation of 500 million barrels of crude for the Strategic Petroleum Reserve.

The long-range plan which may continue into 1982 got under way last summer when an interagency agreement to purchase and to transport part of the oil was signed by the Federal Energy Administration and Defense Department. Defense agreed to procure the oil through the Defense Fuel Supply Center and to charter ships needed for delivery through Military Sealift Command. Some is delivered by suppliers.

Managing the oil delivery has resulted in two "firsts" in the 28-year history of the command—the first movement of crude oil and the chartering of the first very large crude carrier (VLCC).

By the end of the year approximately 8.5 million barrels of crude had been stored or purchased and in 1978 more than 100 million barrels of oil are scheduled to be carried to Gulf Coast storage sites aboard MSC chartered tankers.

The VLCC was the 225,000-deadweight-ton Williamsburg which was laid up until its owners offered it for MSC charter. On its first voyage the Williamsburg carried 1.6 million barrels of North Sea oil to a transshipment terminal in the Bahamas. The ship carried a comparable amount in a second voyage.

Nine billets, in tankers, the comptroller's office and contracting were established at headquarters and four additional jobs are expected to be filled within the MSC

Gulf subarea command to direct movement of the oil as tempo of the program builds.

Two types of crude oil are being carried, sweet and sour. Sweet crude, coming mainly from the United Kingdom and Nigeria, has a low sulphur content and is used primarily in the refining of gasoline. Sour crude, which will be coming mostly from the Persian Gulf, has a higher content of sulphur and is used primarily for heating and other fuel oils.

Crude oil suppliers are transporting half of the billion barrels with MSC chartered U.S.-flag tankers moving the remainder. To meet delivery requirements, there will have to be one MSC chartered tanker of about 35,000 deadweight tons alongside a dock at each of three Gulf Coast terminals every day of each year. Some 1.3 million barrels are scheduled to be pumped into the ground every day once the program is in full swing.

MSC operations specialists foresee enough U.S.-flag tonnage to move 50 per cent of the oil, but restrictions in relation to time may create problems. The charter of the 114,000-deadweight-ton Finnish tanker Tiiskeri in November was necessary because no U.S.-flag ships of that size were available when needed. Tiiskeri moved 760,000 barrels of sweet crude from England to a transshipment terminal in the Caribbean.

As the program progresses, it should be advantageous for MSC to provide a small fleet of ships on long-term charter or consecutive voyage charter to better manage delivery of the oil. Until now only spot charters with options for two to four voyages have been fixed. Six spot chartered ships were supporting the petroleum reserve program in late December.

In mid-December MSC controlled 26 tankers, all but three contract operated by three shipping companies. Three small, 33-year-old T-1 gasoline tankers are manned by Civil Service mariners.

In early 1979 two of them, USNS Rincon and Petaluma, are expected to be scrapped and replaced by the slightly larger Chattahoochee and Alatna. Both were built in 1957 and will undergo refurbishing before going into service.

The USNS Nodaway, third of the small 4,000-deadweight-ton ships, will be transferred from Hawaii to Japan for coastal operations.

Ships this size are needed by MSC to deliver cargo to ports with ship draft or local storage limitations. Alatna and Chattahoochee will be under the control of MSC, Pacific.

During fiscal 1977, command controlled tankers moved nearly 80.6 million barrels of petroleum products. More than half of this, 51.6 million, was jet fuel. Approximately 22.8 million barrels were diesel fuel and the remainder included motor gas, Navy special and diesel fuel, and aviation gas.

In addition, USNS Sealift Antarctic delivered more than 95,000 barrels of emergency drinking water to the Dutch island of Curacao in December 1977.

Size of the MSC tanker fleet was sharply reduced following the end of the war in Southeast Asia. Since then it has gradually declined for four main reasons: newer, larger and more efficient ships; an industry trend to establish oil refineries closer to the users; high cost of petroleum, and a Defense fuel conservation program.

The nine 27,000-deadweight-ton Sealift class tankers that went into operation in 1974 and 1975 replaced 16 World War II T-2 tankers that averaged about 16,800 deadweight tons. Although the Sealift class ships are considerably larger, they are still small enough to get into most ports of the world.

There has been a recent trend to establish refineries closer to the user and farther away from the wells since transportation of crude oil is cheaper than for refined products. Petroleum, oil and lubricants (POL) once moved from refineries on the Arabian Gulf to Japan and Okinawa are now transported from a refinery on Guam, at least 4,500 miles closer to MSC military customers.

The Defense Fuel Supply Center has established additional storage sites in Europe and the Mediterranean which means that MSC controlled tankers often deliver products to central storage areas. Later deliveries to the users are made as needed.

This tends to increase the immediate workload but reduces it once storage facilities receive their quotas. Shorter and fewer voyages impact on fleet size and management of available assets.

Since the beginning of FY 1978 nearly 5.2 million barrels of POL have been delivered to storage sites in Central Europe, the United Kingdom, Sardinia, Crete, Norway and France.

The tanker division has been involved in the Navy Charger Log IV program since 1971 although the basic concept has been practiced since the 1950s. Charger Log IV is a program to train civilian crews of MSC point-to-point tankers in underway refueling of those Navy fleet ships capable of passing fuel rigs to the tankers, as well as providing necessary POL to Navy fleets.

The first half of 1977 was the busiest six months since 1971. Thirteen controlled tankers made 18 consolidations with fleet ships. In the last half of the year six tankers made eight consolidations.

Not equipped to pass fuel lines to other vessels, MSC controlled point-to-point tankers have been limited to consolidating fuels with fleet units that can transfer rigs to the tankers. This leaves out frigates and small oceangoing auxiliary ships such as salvage tugs.

Last year, however, four controlled tankers and two MSC fleet support oilers were equipped with special rigs that can be trailed over the stern and retrieved by a fleet vessel. In May, USNS Potomac was fitted with the rig and in the naval exercise Solid Shield '77 transferred 20,000 barrels of fuel to the oiler USS Canisteo, the frigate Thomas C. Hart and the destroyer Mahan—doing so both alongside and over the stern.

By August five tankers and three fleet support oilers

For the first time in its 28-year history, MSC chartered a very large crude carrier. Movement of crude oil was another first.

will be equipped with the astern rig and five will be in prepositioned war reserve stocks for emergency use by MSC.

Size of the MSC special project fleet remained fairly constant last year. Only the tracking ship USNS Vanguard, was laid up due to the reduced requirements.

That gap in the fleet soon will be filled when the oceanographic survey ship USNS H. H. Hess becomes operational early this year. Four other ships are also under consideration.

Another ship MSC acquired was the SS Arthur Huddell. A World War II Liberty ship, Huddell is configured as a transporter of submarine cable. Naval Electronic Systems Command proposed that MSC remove Huddell from reserve fleet for use as an unmanned cable transporter.

USS Observation Island was removed from the National Defense Reserve Fleet in Suisun Bay in December for inspection by civilian contractor engineers. Plans are to reconfigure the ex-fleet ballistic missile support ship to support a U.S. Air Force radar system. If the ship is transferred to MSC as planned, the ship will be extensively modified and be operational in 1981. All modification work will be handled by a contractor to be selected by the Air Force.

USS Compass Island also is being considered for assignment to MSC. If assigned to the command, it will be reconfigured as a navigation system support ship. The ship will be operated by MSC for the Navy Strategic Systems Project Office in support of Pacific Trident missile tests in 1979.

Negotiations have begun on the proposed assignment of USS Norton Sound to MSC. The ship will support the Aegis missile system through test and development stages. If proposals are endorsed, it is expected that Norton Sound will become an MSC operated asset in 1978.

The USNS Wheeling, presently in reduced operational status, not being needed by the Navy's Pacific Missile Test Center, is being considered as a helicopter base support ship to assist in an Energy Research and Development Administration radiolo[illegible]ical survey off the Northern Marshall Islands. The project is presently contemplated for 1978.

While command special project missions were relatively static during 1977, the command's fleet support role continued to expand.

During 1977, MSC obtained stern refueling rigs and installed them aboard the oilers USNS Navasota and Waccamaw and a third rig will be installed aboard Taluga. Rigs are used in training destroyer and escort crews in over-the-stern refueling, a technique often used for convoy operations when facilities for alongside operations are not available.

MSC's newest oiler, Mississinewa, will be operational in March and will be able to transfer both refrigerated foodstuff and fuel to fleet ships. Equipped with new 600-cubic-foot refrigerated containers, as will be the Taluga, Passumpsic, Marias, Mispillion, Waccamaw, Pawcatuck and Navasota, the Civil Service manned oiler increased fleet logistics capability while cutting supply costs since it can deliver both foodstuffs and fuel. The other command-manned oilers already are equipped with containers which are being replaced by newer, more reliable models.

Considered during 1977 were plans to convert a dry cargo ship for MSC manning and carriage of Trident missiles. Work on the replacement fleet ballistic missile resupply ship MSC will operate is tentatively scheduled to begin in the early 1980s. Again, expansion of the MSC role in operating missile resupply ships for the fleet is evidence of the effective operational management and cost savings MSC provides for the Navy fleet.

Taluga, first of the MSC manner oilers, completed its 1000th underway replenishment in mid-1977, steaming alongside the carrier USS Kitty Hawk. Rigel, MSC's

only stores ship, also performed in an outstanding manner during 1977—making as many as 1,075 lifts in a single day of operations.

Current plans for FY 1978 indicate that MSC will be assigned a ninth fleet support oiler and three of the four new oceangoing tugs already are under construction for assignment to the command. They will be manned by a combined military-civilian crew as are all fleet support vessels the command operates, and five of the special project ships.

During 1977, the Navy men who make up the small military detachments performed in an outstanding manner and received continuing plaudits from MSC and fleet commanders. Command effort to insure that they receive both pre-assignment orientation briefings and adequate recognition for their achievements are being emphasized in 1978, a recognition of the important role played by the military detachment personnel.

A study which eventually may have considerable impact on MSC fleet support operations was not yet complete at the end of 1977. Sponsored by the Chief of Naval Operations, the study analyzes advantages and disadvantages of civilian manning, both Civil Service and contractor, of Navy support type ships. Conclusions reached, which are expected in early 1978, should have considerable impact on future MSC operations and Navy management of its service forces.

Based on comments of underway replenishment group commanders and combatant unit commanders and reports on the operational efficiency of MSC manned fleet support ships, it appears that the command role is more likely to be expanded than to change in any other direction.

In 1977 alone, difference in cost of manning fleet support ships with all military or combined military-civilian crews amounted to more than $30 million. Civilian manned ships maintained operating tempos considerably higher than for military manned ships. However, that is an illustration of a different operational concept rather than any superiority of experienced civilian crews. Civil Service manned ships remain deployed while their crews rotate rather than having ship and crew periodically return to homeports as do bluejacket manned vessels.

While there are always those who would like to maintain the status quo, if not to return to traditional ways of doing things, it was apparent in 1977 that a significant portion of the Navy believes that professional civilian employees of the Navy and highly skilled Navy bluejackets can work together as effectively in a routine peacetime environment as they have in past emergencies, and that in so doing they increase their joint capability to deal with future contingency demands.

Whether it be fleet support, special project operations, or delivery of varied types of cargo, the men and women who are a part of MSC operating forces are thoroughly integrated into the Navy structure. Their dedication and skills are both accepted and welcomed by their uniformed counterparts.

USNS Taluga moves alongside USS Kitty Hawk for underway replenishment, its 1,000th at sea refueling since 1972.

Members of the headquarters tanker division monitor and control nearly 35 ships.

Information Systems Expansion Under Way

Conversion was the name of the game for the MSC information systems office throughout 1977 after the command automated data processing team and equipment were moved in late 1976 to the Nassiff Building in Arlington, Va. so that MSC and Military Traffic Management Command could jointly use the Army command's computer facilities. Savings from joint use of a single computer system are expected to be substantial and availability of a broader and more current range of data will dramatically improve MSC planners and operators managerial capability in 1978.

Conversion from Honeywell H-1200 computer system MSC has been using to the H-6000 should be complete by the spring of this year. Annual costs savings then should approximate a half million dollars. To speed writing of new programs, a series of workload controls were set up in late 1977. They made certain that new data processing demands did not slow or jeopardize completion of the switchover.

The automated Sealift Command Management Information System (SEACOMIS) is made up of seven major subdivisions—financial, shipping operations, personnel, engineering, supply, contingency planning and contracting.

Within each subdivision are various automated data processing programs initially developed for the H-1200 computer. The conversion to the H-6000 will improve the system's data collection, transmission, storage retrieval, display and dissemination for headquarters and area command users.

The financial subdivision has the largest input with 126 programs. It maintains and updates management records for accounting, budget, statistics and disbursing operations. It also prepares shipper service billings.

Operations has 64 programs which provide cargo lift, ship status and ship location information.

Contracting has 61 programs which include cargo booking reports by area commands and analyses of proposed cargo rates. Computers

Computer operator Vernon Harris feeds data into MSC's H-1200 computer as Howard Furr puts a tape in place.

Howard Furr loads a tape onto the command's H-1200 computer.

also print the Container/Shipping Agreement Rate Guide.

Supply is supported by 29 programs which keep track of ship support items and supply inventories of the area commands. Administration and personnel have 15 programs which maintain and provide data on the technical skills of MSC Civil Service mariners.

Planners are supported by six programs which provide a methodology for determining resource needs for cargo, passenger and petroleum lifts. Four engineering programs computerized a technical manual index and are part of the defense integrated data system.

Development of the automated Sealift Command Management Information System began in 1968 with the delivery of the H-1200 to MSC. Between 1968 and 1976, several modifications were made to increase the capability of the H-1200 and to establish telecommunication links to the area commands.

The new H-6000 computer system will significantly expand capabilities in 1978.

MSC cargo managers, for example, will have direct access to Cargo Ship Location, Status and Utilization (CALSTAT II) data. All MSC commands will have indirect access to the H-6000 through a telecommunications network beginning in early 1978.

Under the present system, MSC, Atlantic and Pacific commands transmit taped data via telephone hookups which are relayed into the H-1200 computer. Other area commands transmit key-punch card information over the computer network.

Information contained in the CALSTAT II program will include port performance reports, monthly activity of naval ships, performances of time and chartered ships, and fuel consumption data. These data are necessary in planning for effective ship utilization.

Another application of the new system will be in comparing cargo manifest with invoices in reconciling costs with income. Information to be available will enable MSC area commands to audit commercial carriers, prepare invoices for payment, record liabilities for commercial lifts, and to quickly prepare comprehensive cost reports for budgets and analyses.

Improvement of the data management system in 1977 and early 1978 comes at an appropriate time, when the command is being asked to up productivity and to lower costs, both of which demand solid management decisions based on accurate and valid data.

Personnel management begins at MSC headquarters. Here Mary Ammons updates the personnel board while Grace Mueller and Dave Gold discuss policies.

Managing Human Resources

Early last year MSC began a study of Civil Service manning of fleet support ships, including command capability to quickly man ships in reduced operational status (ROS) in an emergency.

This study stemmed from the need to keep enough personnel on board ROS ships to meet a contingency and enough people in replacement reserve (mariners on vacation or training ashore) to meet any surge in sealift requirements. As of December 1, MSC had 2,920 mariners at sea and 915 in replacement reserve.

The study is expected to be completed early this year and will be considered by the Chief of Naval Operations in establishing future manning policies for MSC.

The command also has proposed female habitability standards for MSC vessels. It appears relatively certain, with more women attending maritime colleges and breaking away from traditional roles, that MSC in the near future will be hiring female mariners in both the licensed and unlicensed categories.

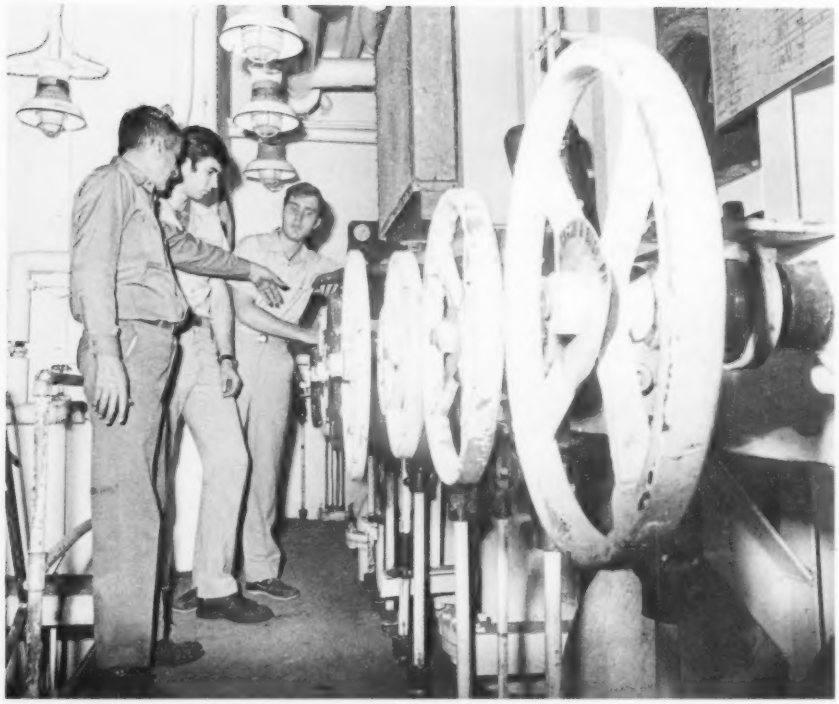
In August 1977 a Comptroller General's decision ruled that Civil Service mariners salaries could not exceed $47,500. The decision was based on the general schedule ceiling for all Civil Service employees. Impact of that decision on MSC employment is not yet known.

For the second consecutive year, the MSC mariners received two pay raises in 1977, one a general pay increase and the other a cost of living boost, in their pay checks. Atlantic and Pacific deck officers received a 10 per cent pay increase in 1977.

Atlantic and Pacific purser and medical department wages increased 9.16 per cent. Pacific unlicensed personnel and steward department increased 2.07 per cent and all other wage schedules included a 5.0 per cent increase.

The 2 per cent cost of living adjustment was effective December 16 for all Atlantic and Pacific seagoing personnel.

On the labor scene at headquarters everything was relatively quiet during 1977—attributable to union and MSC management cooperation. A three-year contract was renegotiated with the Marine Engineers Beneficial Assn. and this year a three-year agreement will be renegotiated with Masters Mates and Pilots. It is to be



Sealift Indian Ocean First Officer Joseph Graceffa explains engine room procedures to U.S. Maritime Academy cadets Richard Marinucci (center) and Gary Wanzor. MSC is actively recruiting maritime academy graduates.

effective in September.

There was considerable activity in the training area during 1977. The Maritime Administration contracted with John F. Connell Consultants Ltd., of Great Neck, N.Y. to develop a program which would make the MSC Earle (N.J.) firefighting school the best in the world, and to develop two additional facilities for the Great Lakes and Pacific Northwest areas.

Part of the resulting proposal is for construction of a mockup of a ship's house including bridge, galley, storage areas and sleeping quarters to provide conditions that actually would be encountered by firefighters aboard ship.

During 1977 the school trained approximately 360 MSC mariners while the Maritime Administration sponsored more than 3,500 students and union mariners.

MSC also will begin a two-day orientation course for Military Traffic Management Command trainees this month. To be offered four times a year, the course is designed to familiarize Army transportation managers with MSC functions.

In July 1976 the Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics sponsored a transportation management enhancement program. Purpose was to increase understanding of broad transportation objectives by a select group of career transportation managers by exposing them to transportation management problems of planning, contracting, budgeting, service billing, bookings and cargo movements.

Three trainees were assigned to MSC the first year and four during 1977. Four more will come aboard this year. Participants rotate through MSC headquarters offices and may visit area and sub-area commands, ships and other units. They also spend time with Military Airlift Command and Military Traffic Management Command.

Trends in civilian personnel and fleet support which may affect MSC employees or operations will be discussed next month by area commanders based on recommendations of ad hoc committees formed late last year at the direction of Admiral Johnson.

Membership is made up of representatives of the headquarters staff and the Atlantic and Pacific area commands.

Just as MSC ships in the Arctic and Antarctic must be concerned with that great mass below the waterline rather than just the tips of the icebergs they sail past, the previously noted programs are only a part of a personnel management iceberg. In the final analysis, leadership and management of people is a reflection of day-to-day supervisory practices at all levels—much of which may be unnoticed but all of which has a direct impact on employee attitudes, morale and productivity.

Sparked by the MSC commander, a great deal of attention is to be given in 1978 to strengthening human interrelationships for that is the key to the success of all

other attempts to increase productivity and to reduce operating costs.

In a worldwide organization such as Military Sealift Command, one which has many small units located in areas serving deployed U.S. military forces and which controls more than 100 ships, management of human resources is not only vitally important, it is a paramount responsibility.

In the past year MSC personnel management has demanded additional emphasis as the command work force has been reduced, a result of directed cutbacks and lower sealift requirements. Dual goals of productivity and economy made operational efficiency that much more difficult to achieve, and more dependent on human effort and creativity.

MSC personnel management functions are fulfilled by the commanders, by civilian personnel offices, administration and manpower offices, and every supervisor. It begins at MSC headquarters which had a total of 305 authorized civilian positions and 48 military billets at the beginning of 1978. Twenty-seven of the Navy billets were for officer ranks while 21 were enlisted, a proportion that illustrates the headquarters role of determining policies, development of programs, and command and control functions.

Under the Navy Manning Plan only 75 per cent of enlisted billets were filled in 1977, a policy expected to continue.

That policy had considerable impact on MSC fleet support and special project ship operations in 1977 since the small military detachments aboard these ships, responsible for maintaining liaison and communication with fleet units, could not easily compensate for skill shortages. Commanders of military detachments, who often have only one man in a particular military specialty, also were concerned by the high ratio of first termers assigned to MSC fleet support and special project ships in 1977. Demands on their ability and limited experience presented problems. While training is an obvious answer, lack of either training personnel or backup specialists in the military detachments are difficult obstacles to overcome.

Those points were made by Rear Adm. John D. Johnson, Jr., MSC commander, in personal contacts and correspondence with Navy personnel officials. The command also stepped up efforts to better brief new military assignees and to recognize their efforts, particularly the nearly 200 Navy men who sail aboard the 22 fleet support or special project ships operated by MSC.

During 1977 an extensive study of the MSC operating structure resulted in a number of organizational changes—all aimed at insuring that area command organizations are comparable and that they parallel counterpart units in the headquarters. Purpose was to insure a clear and non-overlapping line of communication between field and headquarters.

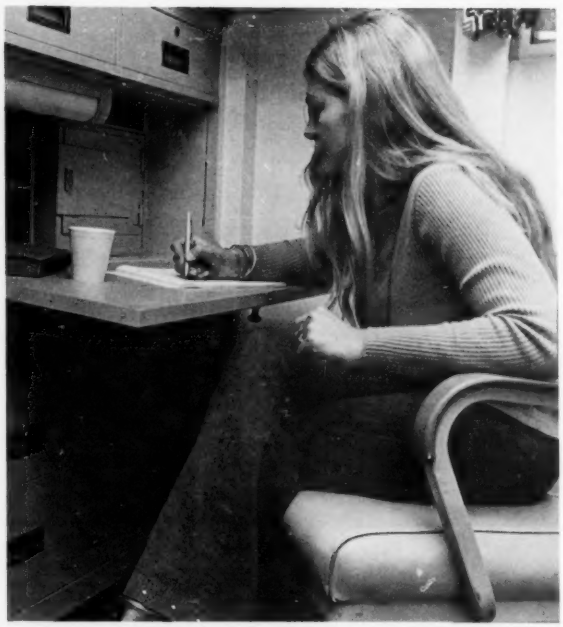
One result has been reassignment of some personnel and opening of new job opportunities for others. The latter trend was accelerated in 1977 by the retirement of a significant number of command veterans—specialists who had joined the command when it was organized in 1949. Those retiring included both men and women in key ashore jobs and seagoing specialists, including ship masters.

Retirements and shortages in some seagoing skill areas, particularly engineers, has caused MSC to step up its civilian recruiting effort. Among steps being taken are visits by recruiters to federal and state maritime academies and widespread dissemination of audiovisual materials that help explain job opportunities in the command.

Efforts also have been launched to contact Navy personnel who are retiring or separating since those with fleet support experience are an excellent source of trained personnel needed to man MSC fleet support vessels.

Recruiting of fleet-experienced people benefits both MSC and the overall Navy since it provides a means of

USNS mariners prepare for a replenishment hookup. Civil Service manned fleet support ships were highly productive in 1977.



Sharon Pool and other technicians and scientists work aboard MSC research ships and it appears certain that the command will be hiring female mariners. Many are now enrolled in the maritime academies.

retaining people already determined to doff the uniform, but who represent a sizable training investment by the Navy. A significant number of MSC masters, officers and unlicensed personnel have strong Navy backgrounds.

During 1977 MSC authorized cadets of the U.S. Merchant Marine Academy to work aboard fleet support oilers for a three-month summer tour. That program is expected to continue since it is a source of new officers for the command—and helps bolster industry understanding of command functions.

MSC also initiated an innovative program to provide more diesel engineers. Steam engineers now are sailing aboard the nine Sealift class tankers which Marine Transport Lines operates for the command under a management contract. The nine tankers are diesel powered. After three months, the steam engineers are qualified to take Coast Guard exams and to obtain diesel licenses.

Not all attention, however, has been focused on marine positions in 1977. In late 1976, a Civil Service Commission evaluation of government activities was critical of position management and classification practices, including those of the Navy.

Consequently, a five-year plan was begun within MSC to review all civilian positions to insure they are properly structured from a position management standpoint and that position descriptions are properly classified as to title, series and grade.

The civilian personnel office does not anticipate any large-scale reductions but attrition and possible changes in job assignments are expected to allow more productive use of skilled personnel.

Area commanders are responsible for similar plans, except at Eastern Atlantic and Mediterranean where studies will be accomplished by headquarters personnel. As in 1977, emphasis will be given to evaluating GS-13, 14 and 15 positions during 1978.

A three-year review was started this month of all MSC shipboard positions. Purpose is to insure that manning scales are not inflated, and that ratings are justified and represent good shipboard personnel management. This will be done by headquarters specialists with information provided by field units.

One result of the continuing analysis of MSC personnel needs was the proposed establishment of a supply division aboard the stores ship USNS Rigel. Purpose is to eliminate fragmentation of supply duties. The fleet issue officer would be designated supply officer and the chief yeoman-storekeeper assistant supply officer.

The yeoman-storekeeper now assigned to the purser's department will retain that title but will become responsible to the supply officer.

If this action is as successful as it is hoped similar changes may be made on other underway replenishment ships.

To meet heavy demands on the crews of fleet support ships, an extra third officer and an extra third assistant engineer were authorized for these ships during 1977.

Engineering Keeps The Ships At Sea

Not quite "mission impossible," but keeping old MSC ships in condition to perform worldwide missions while arranging for the almost complete rebuilding of hulls of other old ships assigned to carry out new tasks made 1977 a challenging year for command engineers. As in past years, MSC repair, overhaul, modification and design work was a cooperative endeavor with the command relying primarily on commercial services.

Plans were completed in 1977 for upcoming overhauls and re-engining of two veteran cable laying and repair ships—USNS Neptune and Albert J. Myer. Work to be done will increase their ability to carry out Navy and Air Force support tasks. It also will prolong the useful life of the two ships. Cost of these two projects may reach $30 million.

Considerable 1977 work was done on Mississinewa, MSC's newest oiler, so it can be put into operation in March. Much of the work involved redesign of quarters and updating ship systems. One significant improvement, however, illustrates MSC efforts to improve the support services the command provides for the Navy fleet. Mississinewa, like other MSC fleet oilers will be able to transfer stores as well as fuel during unrep operations.

USNS Hess, a former cargo ship named the SS Canada Mail, has been undergoing a complete conversion and will go into operation as an oceanographic research vessel early in the first quarter of 1978.

Emphasis also has been given to the improvement of crew living areas, an important factor for those who spend long periods at sea but who have much more leisure time than early seafarers.

Early in 1977 the MSC engineering technical division began drawing up plans and establishing specifications

The 31-year-old cable ship Neptune is undergoing a major overhaul to extend its life another 15 years. Neptune sister ship Myer is getting the same treatment.

Ed Kase (right) and Scott Conklin inspect work being done aboard MSC's newest oiler USNS Mississinewa. It goes into service in March.

for a major overhaul program to extend the useful life of two cable ships, Myer and Neptune, by another 15 years. The command veterans are 31-year old sister ships. MSC has operated the Myer since 1966 and the Neptune since 1973.

The ships will be reduced to their hulls and decks before they are refurbished. The top deck will be cleared of all machinery and superstructures, including the bridge and other housings. Redesign work was contracted to George G. Sharp, Inc., New York.

Changes include improvement of living quarters for the Civil Service mariners and technical personnel provided by Naval Electronics Systems Command.

Boilers and reciprocating steam engines will be replaced by diesel electric drives which are expected to cut ship fuel consumption nearly in half.

Award of contracts for overhaul of the ships is expected in March. Work will begin on the Myer in May and will take about a year to complete. Another ship being rebuilt from bow to stern is the USNS H. H. Hess, a cargo liner that is being converted to a deep ocean survey vessel.

The former SS Canada Mail was built by National Steel and Shipbuilding Co. in March 1965 for American Mail Line, Ltd. That company now has a contract to convert the ship.

Hess was transferred to MSC from the Maritime Administration in July 1975 and conversion work began in March 1977. As an oceanographic survey ship it will be under control of MSC, Pacific and operated for the Oceanographer of the Navy.

Built at a cost of $12 million, the ship is 563 feet long with 76-foot beam and a 31-foot draft. Work is scheduled to be completed in early 1978 and eventual cost is expected to be about $13 million.

Neosho class ships, such as the Mississinewa, were built for the Navy between 1953 and 1955 and are the largest type of single commodity oiler the Navy has. MSC is scheduled to receive six of this class.

USNS Mississinewa will become fully operational in March as an MSC fleet support oiler. Mississinewa was delivered to MSC, Pacific's maintenance and engineering shop at Oakland in November 1976 and now is at Hoboken, N.J. where final work is being accomplished.

Although the ship is to be operated by MSC, Atlantic. it initially was assigned to MSC, Pacific to take advantage of the expertise possessed by the maintenance and repair shop operated by that area command.

Using the shop as a base of operations, MSC bypassed a total-package contract in favor of small contracts

The first of four oceangoing fleet tugs under construction will be delivered to MSC late in 1978.

for separate phases of the work. Thus MSC, Pacific was able to reject bids deemed to be too high while work continued on other segments of the overall job.

Mississinewa will not only retain a delivery capacity of 180,000 barrels of fuel but has an added capability to deliver chilled and frozen stores during underway replenishment of Navy fleet ships. Refrigerated containers were installed in early November at Hoboken.

While diesel engines have long been popular in Europe, U.S. ship owners and yards have not been strong advocates of the diesel. However, nine Sealift class tankers built by private investors for long-term command charters are equipped with medium-speed diesel engines.

Performance of the ships in 1977 indicates their propulsion plants are very satisfactory, as are the diesel engines installed aboard Columbia class tankers also under MSC charter and control. Operating costs were lower than for steam plants and reliability has been high.

To gain even greater advantage from expanding U.S. diesel technology, MSC engineers in 1977 developed a revised maintenance schedule for diesel powered ships that is expected to save dollars, increase ship at-sea time, and reduce engine down-time.

Engineering management attention in 1977 was not focused on propulsion plants alone. Engineers also made a series of rigid tests on ship systems in Sealift class tankers, checking materials used in boilers, power supply systems, valves, air conditioning plants, pumps and other ship components. Purpose has been to determine when and how materials can be expected to fail so that maintenance, repair and overhaul programs can be strengthened, and down-time of MSC ships reduced.

When ships cost thousands of dollars per day to operate, cost savings are significant—and are reflected eventually in billing rates charged MSC customers, the Army, Navy, Marine Corps and Air Force.

As a result of 1977 tests, air conditioning of engine room consoles are being modified so that the automation components operate more reliably. Power supplies for the automation system also have been upgraded.

Following a rod valve failure of the controllable pitch propeller last year, MSC engineering improved the coupling of the rod valve with a set screw so that a similar failure is less likely to occur in Sealift class tankers.

A power loss monitoring system is being developed by MSC in conjunction with Tano Corp., of New Orleans. The system will automatically check automation components, and will indicate when there is a failure or malfunction, and identify the type of problem.

MSC, Atlantic engineering now is developing modifications for Sealift tankers to further reduce engine room maintenance time and to improve monitoring of the propulsion system.

As Department of Defense and Navy direct link with the maritime industry, MSC does more than charter ships or book military cargo on scheduled liners. An important command mission is to help assure that com-

mercial assets and systems are available to meet wartime or emergency demands for merchant marine augmentation of the military sealift force, the MSC controlled fleet.

A consistent command view in 1977—one which applies to MSC controlled ships as well as new ship designs—supported improvement of communications systems. Immediate communications capability is a must in an emergency, and can save time and money while increasing vessel productivity in normal operations.

In addition to the review of ship designs for subsidy, MSC engineers also were active in suggesting features that could be incorporated in designs proposed for non-subsidized ships. No matter how radical the proposals may be there is always the possibility that an idea can be translated into technology.

For example, one design proposal considered by MSC in 1977 was for a combination tanker, container and ro-ro vessel, a small ship of roughly 7,700 deadweight tons that might be economically viable on commercial feeder routes or for support of military forces.

MSC recommended a larger power plant be incorporated, increasing the maximum speed from 12 to 15 knots, that electrical and water connections be installed to supply modular housing units housing 30 troops, that provisions be made for rolling military vehicles on or off over the side and that communications capability be upgraded.

As any military planner would quickly admit, such a ship might have great value for the services. Question is whether it has sufficient profit-making ability to justify commercial production.

Maritime Administration, which has responsibility for promoting the merchant marine, has developed a design for a combination container and roll-on, roll-off vessel. MSC engineers suggested revisions that would improve its military viability.

Suggestions included more head room on the second deck and hatchway, changes so that helos could be handled, sideports to improve loading, and addition of liquid cargo tanks and fixtures which would allow loading of 20-foot containers in tandem as well as 40-footers.

Four T-ATF fleet tugs were under construction in 1977 by the Marinetta Marine Corp. in Wisconsin. MSC engineers were involved in writing specifications for the tugs which incorporate state-of-the-art engineering, automation and towing equipment innovations.

The first is to be delivered in late 1978. The new tugs have capabilities far exceeding those of MSC's World War II vintage tugs that are due for retirement.

A newly developed synthetic line traction machine is to be installed on the new tugs. Although synthetic line is lighter, springier and easier to handle than conventional steel wire, certain circumstances still require steel wire towing. For that reason each tug also will have a wire winch aboard.

The four new oceangoing tugs will be used in salvage operations and for towing battle-damaged or non-operational ships. The tugs also will be used in diving and rescue operations, oil spill cleanups and in fighting shipboard fires. Three additional tugs are to be added in the future.

Other vessels which may be added to the current command inventory include 12 towed sonar array vessels and other Navy fleet support ships.

No matter what the future may bring, assignment of existing Navy ships for conversion to civilian manning, design and construction of new ships, or simply keeping the MSC controlled fleet at sea and on the job, the managerial and technical challenges which face the command enginering force are substantial, far-ranging, and never ending—just as were those mastered during 1977.

⚓

Bob Renner modifies Mississinewa housing plans.

Military Exercises Test MSC Readiness

An effective means of testing crisis management is participation in military exercises that realistically simulate actual contingencies. MSC members were involved in eight Joint Chiefs of Staff (JCS), other U.S. and NATO exercises last year—more than in any previous year.

Four were command post exercises that were carried out only on paper. The other four were live exercises that involved ships and people.

The exercises tested procedures, training, manpower, resources and responsiveness of sealift organizations. All exercises MSC took part in were approved, sponsored or directed by the Joint Chiefs of Staff (JCS) and all participating organizations were required to submit written comments following the exercise. The reports which collectively revealed both weaknesses and strong points were a valuable source of planning information for MSC managers.

Since the early 1960s, JCS has placed increasing emphasis on crisis management, a trend that has resulted in more realistic and more frequent command post and live exercises.

Before the Cuba crisis in 1962, command post exercises were held on a yearly basis with a live exercise about once every three years. Plans for 1978 include a total of six and MSC will take part in all six.

MSC representatives attend exercise planning conferences and meetings and recommend command interest areas that should be included in exercise scenarios.

Command post exercises MSC participated in during 1977 included Wintex Prime Target, Gate Latch Bravo, Night Strike, and Precious Stone.

Wintex Prime Target in March was sponsored by NATO and JCS and gave MSC its first opportunity to participate in a large scale NATO exercise and to become more familiar with NATO organization, procedures and communications.

MSC reservists served as watchstanders during Wintex Prime Target as they did in Night Strike, a JCS exercise held in October. Reservists who took part gained valuable training experience while performing tasks vital to the success of the exercises.

Gate Latch Bravo was held in August and was sponsored by the U.S. Readiness Command. Precious Stone, another command post exercise sponsored by supreme allied commanders Atlantic and NATO, took place in late November and early December.

The four live exercises MSC units were involved in during 1977 were Solid Shield, Reforger '77, Display Determination '77 and Ocean Safari.

Solid Shield was conducted in May and sponsored by the Atlantic Fleet. USNS Towle and Potomac took part in the exercise. Ocean Safari, an eight-day exercise that began in late October, was a NATO sponsored exercise and involved the MSC chartered cargo ship SS American Ranger.

Display Determination '77 was held in September and October. Sponsored by the Commander-in-Chief, U.S. Naval Forces, Europe, the exercise was supported by the MSC operated oiler USNS Pawcatuck.

Reforger '77 began in August. MSC also will participate in Reforger '78.

MSC has been a long-time advocate of tests and exercises as a means of developing wartime sealift capability since sealift readiness is a vital part of its Defense mission.

Since MSC is a Navy Industrial Fund organization and does not receive appropriated funds directly, it has been impossible for MSC to budget directly for exercises. However, in recent years, as greater Navy, Defense and Congressional attention has been focused on the development and management of mobility forces, sealift has received increasing attention, and exercise funding has been increased.

There also has been greater involvement of sealift assets in realistic exercises as well as in tests designed to evaluate ability of military forces to support troops over the beach when sophisticated port facilities are not available.

If 1977 is an example, much more can be learned from realistic exercise of existing assets, and emphasis is being given that goal. Readiness remains the ultimate MSC objective.

Vehicles are driven off Callaghan during Reforger '77, one of four live exercises MSC participated in last year.

Satellites Boost Effectiveness Of MSC Communications

MSC communications entered the space age in 1977 with the installation of Maritime Satellite Communications Systems (MARISAT) aboard four MSC-operated ships.

Complete telephone and teletype systems were installed aboard the survey ships USNS Chauvenet in October and the USNS Harkness in November.

This year three MSC fleet ballistic missile resupply ships will receive MARISAT terminals. Installation work began on the USNS Marshfield and USNS Norwalk in December, and on the USNS Victoria this month.

For more than 100 years, Marconi wireless has been the mainstay of maritime communications. Morse code still accounts for more than 90 per cent of all communication with ships at sea.

In the early 1970s the Navy and the Maritime Administration were early customers of MARISAT which employes three earth-orbiting satellites to relay telephone and teletype communications between ship and shore almost anywhere in the world.

MSC completed evaluation studies of MARISAT service in 1976. Survey ships were a natural choice for installation of a satellite communications system because of the voluminous data their technical crews compile. For the fleet ballistic missile ships MARISAT's reliability will provide communications security.

One of the biggest advantages of MARISAT is its round-the-clock availability. Since MARISAT works like a private telephone line, there is no jamming or clutter of traffic from other ships as with a conventional radio system.

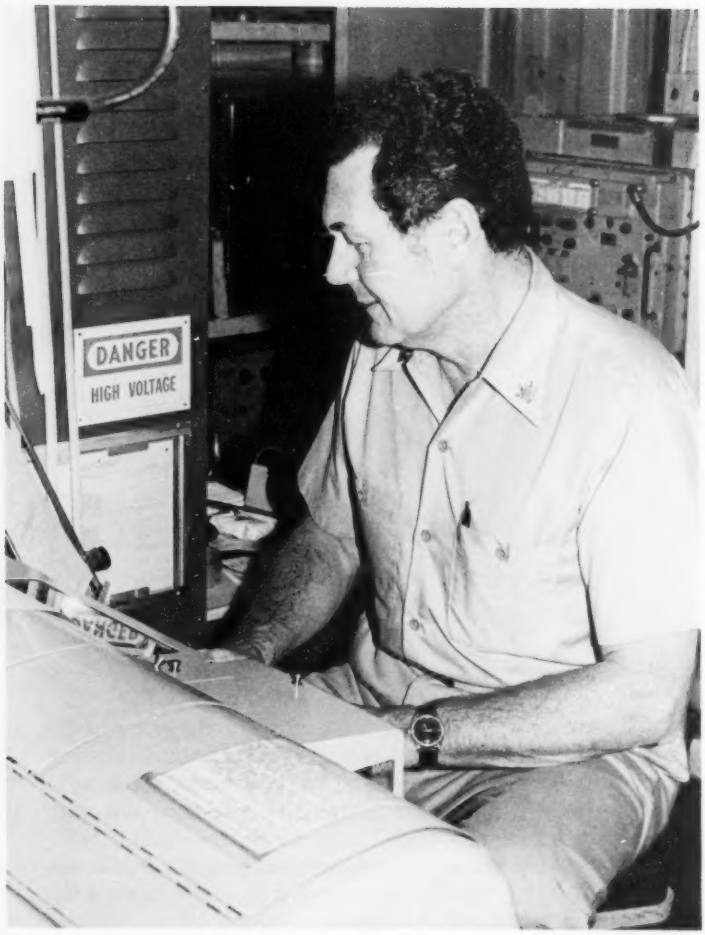
Conventional maritime communication systems almost assure delays of eight to 12 hours in the return of requested information. There also is the problem of making contact when the radio officer is off duty.

With MARISAT, a message can be received by teletype when a radio officer is not available. By means of an alarm system on the bridge, the man on watch can alert the radio officer if an immediate reply to a message is needed.

With the MARISAT system, MSC survey ships also can transmit compiled data to computer centers on a daily basis. Previously, data was recorded and stored on magnetic tapes. After a ship put into port the tapes were mailed to the data processing centers. Gaps in the coverage might not be discovered for days or weeks. Serious errors or omissions might even require return of a ship to repeat part of the survey, at great expense.

MARISAT permits on-the-spot verification of data at transmission speeds more than 600 times faster than current wireless speed.

The radio officer on the Chauvenet spends an average of 48 minutes a day sending and receiving data with the MARISAT teletype, a small fraction of the time needed



Radio officer Donald Carnes, (far left) sends a message from USNS Harkness with the tried and true telegraph key. In a more modern setting Carnes sends a message on the ship's high frequency teleprinter, the kind which eventually will be installed on all MSC ships.

to send the same data by previously available systems.

Rapid communications open many other avenues for better MSC management. For example, dry cargo or POL manifests could be prepared in advance and fed to a ship, and drayage arrangements, the inevitable paperwork or others tasks can be done better and faster if accurate data are available earlier.

While traditionalists complain that new and automated systems tend to dehumanize, the MARISAT system actually does the opposite. It adds a personal touch to shipboard life.

For example, if there is sickness in the family of a crew member, he can talk with a close member of the family via the MARISAT system. Or he might talk to a wife who has just given birth to a child.

Rapid communication also can add significantly to MSC efficiency and economy—in handling of emergency evacuation of crewmen for medical treatment, in diversion of ships to meet emergency requirements, in command and control of far flung air and sea rescue units, and in linking computer systems ashore to the human beings aboard ship who are the primary source of decision-making data.

In 1977, MSC made a small stride toward what is ultimately expected to be a high speed communications network linking headquarters units with all command controlled ships. Already in the mill is a second advancement, the installation of high speed teletype systems that operate on high frequency wave lengths, and that do not need to be monitored around the clock.

The oceanographic ships USNS DeSteiguer and Silas Bent were equipped with this system in 1977.

Much more remains to be done but planners and operators are obviously on the same wave length—and read the need both loud and clear.

Command Now Relies Heavily On Commercial Cargo Ships

Providing chartered ships and commercial service to move the massive and diverse volume of Defense Department cargo—everything from horses to helicopters in 1977—is a function of the command contracting office.

More than 95 per cent of Defense cargo is carried by commercial U.S.-flag ocean-going carriers that have contractual agreements with Military Sealift Command.

Commercial shipping companies received approximately $455 million from MSC in 1977 including nearly $88 million for 33 new contracts and 23 extensions to existing ones.

Continuing emphasis on cooperative working relationships between MSC and the maritime industry throughout 1977 was instrumental in lowering command operating costs by early termination of charters for unneeded dry cargo ships and tankers.

Mutual advantages stemming from temporary MSC release of ships or early redelivery of privately-owned ships under command charter made the program a success from either the industry or MSC viewpoint.

In the past two years MSC returned seven tankers and three dry cargo ships to their owners prior to termination of their charter periods. They were turned back because the transportation capability they represented exceeded sealift requirements of the military services.

By early termination of ship charters, MSC saved the cost of maintaining the ships in a reduced operating status and the payment of daily charter rates—more than $5 million for 900 ship days for the tankers and $422,000 and 180 days for the dry cargo ships.

The annual resupply of dozens of Defense Department and other government installations in remote parts of Alaska, Operation Cool Barge is a major contracting effort in MSC.

Last year more than 110,000 short tons of cargo were delivered to nearly 50 sites. Final 1977 cargo lift totals will not be known until March.

A five-year contract was awarded to the Alaska Puget United Transportation Co., of Seattle in September 1977 for more than $39 million, although MSC has the option to cancel the contract at the end of any year.

Estimated Cool Barge cargo requirements for 1978 and 1979 are nearly 110,000 short tons each year.

One of the more time-consuming charter arrangements made in 1977 was for service provided by the incinerator ship Vulcanus, one of only four such vessels in the world.

Vulcanus was used to dispose of a discontinued Air Force defoliant, herbicide orange.

The $2.6 million contract required several months to complete because of the necessary environmental statements and special tank cleanings prior to return of the vessel.

Eight contracts, all with options, have been negotiated since Sept. 16, 1977 under the Strategic Petroleum Reserve program. To help fulfill requirements originally outlined by President Jimmy Carter, MSC has chartered its first very large crude carrier, the 225,000-deadweight-ton Williamsburg, and moved crude oil for the first time in its 28-year history. (See Tankers for additional details.)

"Is it really possible to take a tropical atoll of some 40 islands,

Tug and barges are carefully navigated through ice floes on their way to Point Barrow on the Arctic Ocean.

SS Green Valley carries 89 LASH barges, each having a 375-ton capacity. Her deck and interior spaces can accommodate other cargoes.

shell it, bomb it, bulldoze it over, send the inhabitants away, pave it, rebuild it, test nuclear weapons on it, abandon it, come back, tear down the old structures, 'clean' it up, build new homes on it, bring the people back and expect everything to be the way it once was 40 or 50 years ago?"

That question was asked by Jim V. Hall, press secretary to the high commissioner of the Trust Territory of the Pacific Islands in an article on the rebuilding of Eniwetok Atoll in the Marshall Islands, site of the first peacetime atomic experiments in the Pacific.

The Hall article appeared in the Micronesian Reporter and he answered his own question, "highly unlikely." Unlikely or not, the United States has launched a $30 million rebuilding program that will last into 1980 and MSC is involved.

The tug Mikioi and a barge were chartered in July by MSC from Dillingham Tug and Barge Corp., of Honolulu for three round-trip voyages between Pearl Harbor and Eniwetok. The contract provides five additional options for three voyages each, and the first option was exercised by MSC in October. Cost of the first three voyages was $109,000.

Mikioi and the barge will deliver refrigerated, dry and breakbulk cargo to the atoll for the project under the direction of a Defense Nuclear Agency Joint Task Group.

The contracting office in July renegotiated a contract to charter the wooden-hulled yacht Black Sea for 15 months with four 12-month options. Black Sea is used to transfer equipment and personnel from shore to nuclear submarines in the Bahamas for test range work. The wooden hull is necessary to avoid damaging submarine hulls while alongside.

Over the years MSC has been asked to provide a wide variety of vessels to meet requirements of the Army, Navy, Marine Corps and Air Force (see Sealift, December 1976) and 1977 was no different.

However, expanding reliance on commercial ships and services for delivery of military cargo resulted in a change of emphasis in the command during the past year—on procurement and ship management rather than on MSC fleet operations. ⚓

Chartered by MSC, the wooden-hulled yacht Black Sea supports nuclear submarine test range operations in the Bahamas.

Supervising the MSC reserve program at the Washington headquarters are: (from left) YN1 Fidel Taparra, Ann LeFon, Cmdr. George Bertonneau and YN1 Carl Diamond.

Naval Reserves Reorganized To Strengthen Readiness

MSC and Naval Control of Shipping Organization (NCSORG) reserve programs were reorganized in 1977 to make reserve units even more responsive to mobilization requirements.

The reorganization was part of "Project Readiness." Ordered by the Chief of Naval Operations in March, it affected all Naval Reserve programs.

Project Readiness was an outgrowth of an earlier mobilization planning study which pinpointed Naval Reserve billets that should be filled by selected reservists in the event of mobilization. Selected reservists are paid and are trained for specific mobilization assignments.

The reorganization affected the size, composition, structure, and location of MSC and NCSORG reserve units. Approximately 250 billets were cut, leaving authorized billet levels for MSC units at 572 officers and 867 enlisted, and 678 officer and 700 enlisted for NCSORG units.

The number of MSC units was reduced to 33, of which 19 are MSC office units, 11 headquarters units, and 3 military transportation units.

The number of NCSORG units also was reduced to 50—29 of which are Naval Control of Shipping office units and 21 convoy-commodore staff units.

Several MSC units were relocated closer to training facilities in 1977. MSC office unit 101 was moved from Pittsfield, Mass. to Boston and MSC headquarters unit 110 was moved from Baton Rouge, La. to New Orleans.

Status of individuals also was affected by the 1977 reserve reorganization. A unit now may contain officers who will be commanding officers upon mobilization even though they are not now commanding their reserve unit.

Composition of reserve units also has been affected. Previously, units were comprised of groups of people without mobilization assignments. Now each individual is assigned a specific responsibility and training is geared to individual development.

All MSC and NCSORG training programs also were reviewed in 1977. That review resulted in the promulgation of COMSC Instruction 1001.1, Standard Organization, Readiness and Training Guide for MSC and NCSORG reserve programs

Approximately 350 MSC reservists were involved in training at MSC headquarters last year, taking part in orientation and ocean transportation courses as well as on-the-job training. Other members of the MSC reserve units received comparable training at MSC area commands.

NCSORG unit members do most of their training at the Fleet Anti-submarine Warfare Schools in Norfolk and San Diego although some on-the-job training is provided at MSC headquarters. Participation in command post exercises was another important source of training for NCSORG Naval Reserve members during 1977—as were functional training assignments for many MSC units.

Overall, 1977 was a year in which emphasis was placed on both reorganization and training of MSC sponsored reservists and on assuring that each individual and unit will be able to fulfill whatever challenge a future contingency might bring. Better utilization of manpower and stronger and more detailed guidance, along with expanded training opportunity, insured the MSC reservists continue to be an integral element of command operating forces. ⚓

Naval reservist Lt. James Harriman logs a phone call during his watch at MSC, Pacific. Reservists play an active role in the command's operations.

Ships like the roll-on, roll-off Callaghan are ideal for carriage of military vehicles.

Planning for the Unexpected

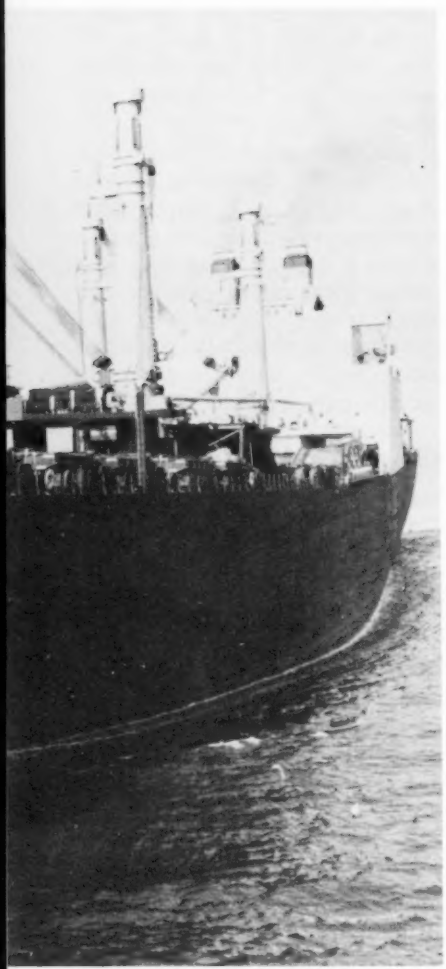
While organizations, like people, are generally judged by what they do and how well they do it, planning is basic to almost every decision man may make, or action he may take. It is the unplanned actions that generally result in life's greatest crises—and catastrophes.

The function performed by the MSC plans and programs office is difficult, partly because proposals and plans are always subject to 20-20 hindsight. Based on assumptions, they are at best only highly skilled projections of what the future should or might bring.

Projects that demanded considerable time and effort of MSC planners in 1977 included development of a ship force that could most economically and effectively meet operational requirements of the 1980s. Armed with a forecast of the numbers and types of ships which will be needed—and which best meet military requirements—MSC will seek to acquire and control that type of fleet and supporting systems through contractual agreements.

Also emphasized, particularly in recent months, has been MSC reliance on the commercial maritime industry for both peacetime movement of military cargo and wartime augmentation. Problem is how to assure the responsiveness of the merchant marine in terms of numbers and types of ships.

MSC is both the Navy's immediately responsive sealift operating agency, the one Defense Department organizations rely on in an emergency, and the link between Navy and the industry. In behalf of Department of Defense, MSC is



responsible both for maintaining a small in-house capability of specialized shipping not readily available from the commercial industry, and of assuring that U.S. maritime organizations are able to meet surge requirements for sealift.

One problem has been to identify the types of commercial ships best able to meet military needs, and that are available. Preliminary MSC analyses indicates that roll-on, roll-off carriers are most ideal for emergency use when a high volume of wheeled vehicles and helicopters would need to be transported.

To have needed ships available in an emergency, however, requires that some of them be on hand in peacetime—either by charter or other form of acquisition. Availability is as important a criterion in contingency planning as compatibility with requirements, perhaps more so.

In sizing the MSC ready response force, attention was given in 1977 to the proper mix—specialized carriers and breakbulk ships. And a great deal of planning time was focused on improving programs to assure availability of merchant type ships in an emergency.

The MSC tanker fleet is another story. The nine 27,000-deadweight-ton Sealift class tankers which replaced 16 old T-2 tankers helped to modernize this portion of the MSC controlled fleet.

At years end the nucleus fleet consisted of 2 ro-ro ships, a 35-year-old heavy lift C-4, and 3 conventional breakbulk ships. MSC controlled chartered ships included one 25-knot ro-ro; 14 C-4s, 2 C-4 heavy lifts and 4 modified C-4s. The latter were former troop transports built in the mid-1940s and converted to dry cargo ships in the mid to late 1960s.

To meet emergencies not requiring mobilization, a reserve force of ships is being made ready that can go into service within 10 days. While an immediately available asset, the reserve ships do not compete for military cargo in peacetime.

The vessels make up the Ready Reserve Force, part of the National Defense Reserve Fleet. The reserve force was established through joint agreement between the Navy and Commerce Department's Maritime Administration.

A decision to activate ships from the Ready Reserve Force can be made by the CNO but must be agreed to by the Assistant Secretary of the Navy for Manpower, Reserve Affairs and Logistics, and the Assistant Secretary of Commerce for Maritime Affairs.

Currently eight ships are in the reserve force: five C-3s, one Victory ship and two Seatrains. By 1980 the Ready Reserve Force is expected to total 25 ships, mostly C-4s and Seatrains.

In addition to ships in the RRF that could be called on in contingencies short of mobilization, Military Sealift Command relies on its Sealift Readiness Program for emergency augmentation.

The essential element of the program is that in order for a shipping company to do business with MSC it must agree to commit up to half of its ships for MSC use in an emergency. In addition to ships the government can acquire barges, containers and trailers under the same program.

During the first half of Fiscal Year 1978, 124 ships were committed for call-up. Ships can be called and chartered by MSC, with Secretary of Defense approval, for four to nine months. Carriers must make 20 per cent of their committed ships available within 10 days, 30 per cent within 30 days and the remainder within 60 days.

MSC continues to make changes in the program to make it more responsive. It no longer is necessary to have U.S. military forces committed before activation of the Sealift Readiness Program, a change made in 1977. Charter periods also changed in 1977 from six to 12 months to four to nine months.

Logistics-Over-The-Shore (LOTS) is another area where plans and programs specialists have been heavily involved.

In time of war a nation must possess the ability to transport troops and resupply them. That means moving a heavy supply of goods, in nearly every kind of environment, including over the beach.

In 1973 the Director of Defense Research and Engineering (Test and Evaluation) sponsored an operational evaluation of the future Defense LOTS capabilities between 1975 and 1977.

Based on various previous tests, the LOTS test was designed and in 1976 three pre-tests were held using LASH, breakbulk and heavy-lift ships.

Operation Main Test was held in 1977 and helped establish procedures for delivering containers

from ship to shore in an undeveloped area. More work remains to be accomplished.

The heavy-lift ship Transcolumbia, the non-self-sustaining container ship Stag Hound, 6 LASH barges and 2 Seabee barges, all chartered by MSC, were used early in this operation. MSC also identified usable features for incorporating into new ship designs and evaluated delivery concepts developed by the programs and analysis division

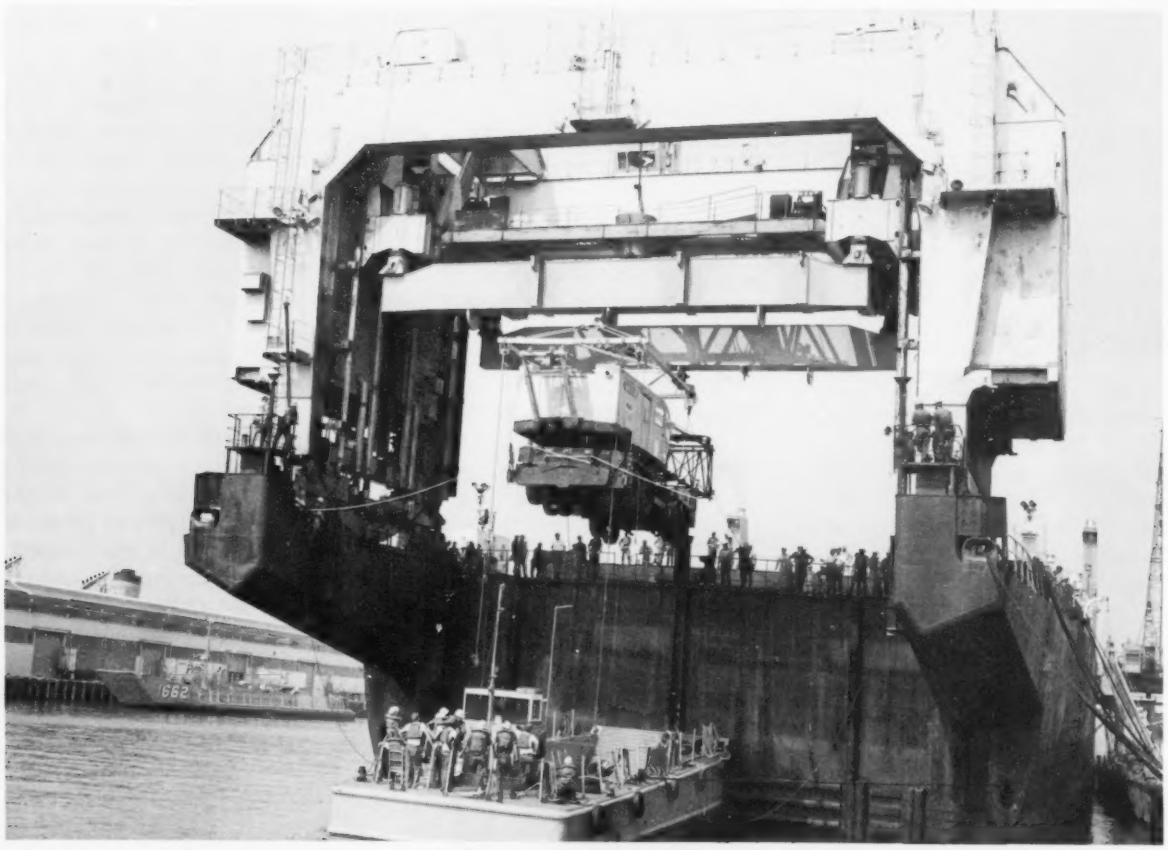
Later in the test, MSC chartered the Sea Barge (Seabee) ship Almeria Lykes from Lykes Bros. Steamship Co. to see if existing landing craft, causeway sections and floating piers could be successfully transported and delivered to beach areas, or what adaptations must be made in order to use this particular type of ship to support the military during a major deployment.

In the last two years U.S.-flag ships in foreign commerce have been required to report their positions to the Coast Guard every 48 hours, as well as their port departure and arrival times. This information is fed to the Naval Ocean Surveillance Information Center in Suitland, Md. and provided to the MSC headquarters logistics war plans division through the Sealift Contingency Planning Model.

These data are fed into the command's sealift contingency planning computer program and used to provide ship movement schedules.

The information also provides MSC with immediately retrievable computer data for planning purposes.

MSC planners played many other roles in 1977, developing plans to meet varied and anticipated emergency situations, taking part in a series of simulated exercises or war games, planning for exercises such as Reforger '77 and '78, and providing a range of options for Navy sealift managers who are directly responsible for the ultimate command mission—support of U.S. armed forces in any type of emergency. ⚓



A crane is loaded aboard LASH Italia during a LOTS pre-test to determine ability of commercial ships to deliver military cargo with limited ashore support.

Getting Your Money's Worth

It's not the language of the financial world but when someone suggests that the primary purpose of the military comptroller is to "get the most bang for the buck" the message is clear—and understood. The goal of MSC financial management is just as simple, providing the best possible service for each dollar spent.

That goal obviously demands that financial managers in MSC do more than monitor expenditures and balance out the books at year's end. They must be totally involved not only in planning, procurement and operational decisions but in other command activities as well. As Rear Adm. John D. Johnson, Jr., the MSC commander put it in a recent message to area commanders, "We must constantly question whether old ways of doing business are still the best."

The comptroller is responsible for assuring that sound financial management is practiced throughout the command. Carrying out that responsibility involves the comptroller in the decision-making process of the command as almost every action decided upon must be examined for its financial implications prior to initiation of any decision.

The financial implications of command decisions were emphasized during 1977 in consonance with the Carter administration's desire to eliminate wasteful government spending and reduce the growth rate of Defense spending. By necessity, 1977 was a year in which the comptroller organization acted as a "devil's advocate" in many instances.

Highlights of some of the significant management actions of 1977 follow:

Monthly Financial Briefings

During 1977, monthly briefings of the commander were initiated wherein the comptroller reported on financial results of command operations. Briefings identified variances between actual results and the command's budget with the heads of the operating offices explaining reasons for the variances, i.e., postponed repair work, unanticipated requirements, etc. These after-the-fact analyses and review of MSC operations have become an important aspect of command management.

Management by Objectives

The command Management by Objectives System was continued in 1977. Under that program, specific goals are established for such areas as ship repair days, ship days in port, cargo capacity utilization, etc. Each month detailed reports are issued which measure progress toward each goal and pinpoint problem areas needing special attention.

MSC Advisory Board

The MSC Advisory Board convened quarterly throughout 1977 to discuss the command's financial position, operational capabilities and problem areas. The board includes the Assistant Secretary of the Navy (Manpower, Reserve Affairs and Logistics); the Assistant Secretary of the Navy (Financial Management); Deputy Chief of Naval Operations (Logistics); and Commander, Military Sealift Command.

The Board has provided an effective forum for presenting MSC positions and problems to high level Department of Defense officials.

Civil Service vs Contract Manning

During 1977, the comptroller developed several comparisons of the cost of operating MSC tankers with Civil Service crews to the cost of operating the same tankers with contractor-provided crews. Information has been considered as part of a Navy study of various modes of manning and will be included in future analyses.

Contingency Funding

In 1977, the command for the first time was provided with funds specifically for maintaining cargo ships in a readiness condition. Previously, these costs had to be recovered from the Defense agencies for which MSC moves cargo. Because of the readiness funding, MSC customers are no longer penalized when their cargo requirements are less than the overall capacity of MSC's fleet, requiring that some ships be placed in a reduced operating status.

Civilian Marine Salary Limitation

The Comptroller General of the United States issued a decision in 1977 which indicated that salary levels of the command's civilian marine personnel could not exceed the ceiling for executive employees within the Government (currently $47,500 per year). The command comptroller took steps in 1977 to request a waiver of the requirement to collect overpayments from the employees involved and it is anticipated that the waiver will be granted.

Ed Havens (left) and Keith Wallick examine year-end financial records.

Controlling Losses

The final financial results of worldwide command operations for the fiscal year that ended September 30 indicate that MSC lost $26.4 million. Revenue was $758 million and costs $784.4 million.

Although normal financial judgment would indicate that a business organization which loses such a large amount of money in a single year has significant financial problems, that is not the case with MSC.

Financing of worldwide MSC sealift operations is accomplished through the Navy Industrial Fund (NIF). Industrial funds were established to provide working capital for industrial or commercial type activities within the Navy which provide materials or services to Department of Defense agencies.

MSC is not directly dependent upon annual Congressional appropriations since the command charges its customers for services provided just as a private business does. The basic difference between the MSC industrial fund operation and a commercial business is that MSC's long-term objective is to break even rather than to return a profit.

The 1977 loss for the sealift operating agency was planned as part of a long-term MSC objective to return profits made in prior years to its customers, the military services.

That is supported by the accompanying chart which illustrates MSC's current long-range financial plan through fiscal year 1979.

Although the actual fiscal year 1977 loss of $26.4 million varied from the $28.6 loss anticipated by MSC, it was in line with the command's overall objective, to achieve a zero balance in retained earnings or accumulated operating results by the end of fiscal year 1979.

The key to effective MSC management of its financial affairs is constant monitoring of actual results of command operations to assure that results are in line with the financial plan. Continued emphasis is placed on determining actual results of operations and the reasons underlying any significant variance.

In the event of drastic deviations, such as occurred during the Southeast Asia conflict in the 1960s, or that stemming from the fuel price jump during the 1973-74 oil embargo, MSC can obtain additional funds from the central Navy Industrial Fund to support its operations. The additional money is returned when no longer needed.

A primary reason for MSC's long-range approach to achieving break-even results is the pyramiding effect that a mid-year adjustment in sealift billing rates would have on the Army, Navy, Marine Corps or Air Force—MSC's customers. Command billing rates are developed approximately 18 months prior to the beginning of the fiscal year to which they apply. This is done to enable other Defense agencies who use MSC services to prepare their budget requests.

Were MSC to increase billing rates after its military customers' budgets had been approved, the agencies would either be forced to cut back approved programs or seek additional funding from Congress. Since neither of these alternatives would be fair to command customers, MSC will continue to temporarily absorb losses and retain profits in consonance with its long-range financial plan, a flexibility made possible by the industrial fund concept.

Retained Earnings

	Profit (Loss) for year	Cumulative Balance
FY 73	$ —	$ (2,795,000)
FY 74	(75,964,000)	(78,759,000)
FY 75	85,358,000	6,599,000
FY 76	69,794,000	76,393,000
FY 7T (3 months)	20,090,000	96,483,000
FY 77	(26,411,000)	70,072,000
FY 77 (prior year adjustment)	(686,000)	69,386,000
FY 78 (estimate)	(109,586,000)	(40,200,000)
FY 79 (estimate)	45,097,000	4,897,000

MSC Self-Insures As Insurance Rates Soar

In Military Sealift Command, where dollar conscious management is the rule rather than the exception, rapidly rising costs consistently draw managerial attention.

In recent years, the command has been particularly concerned about the high cost of premiums for protection and indemnity (P&I) insurance. This type of marine policy covers an owner or operator for a number of liabilities which might arise from the operation of a vessel. Chief among them are personal injury and illness claims and claims arising from damage to the property of individuals other than the ship owner or operator. Damage to the vessel itself is covered under commercial hull policies which are not obtained for MSC vessels.

Since MSC Civil Service mariners are covered under the Federal Employees Compensation Act, MSC need only purchase P&I policies for the 18 tankers operated for the Navy by commercial shipping companies which employ merchant seamen.

Historically, the policies were purchased and premiums paid by the contract operator. The cost was usually reflected in the ship charter rates paid by MSC or were paid under a cost reimbursable type contract.

In 1974, when MSC sought approval of Defense Department officials to self-insure bareboat chartered tankers for incidents and liabilities normally covered in a hull policy, MSC also was directed to self-insure against personal injury claims. A source of command concern, however, was the very speculative nature of personal injury and property damage claims. Evidence garnered in past years does not necessarily allow accurate projection of claims that can be anticipated in any given year.

A 1976 study in which the cost of premiums and the cost of self-insurance were compared, verifies that self-insuring for P&I claims was an economically sound decision. Under one operating contract covering five tankers, MSC saved approximately $200,000 per year.

During the recent reorganization of MSC functions, the responsibility for administering the program was assigned to the Office of Counsel. The program is administered by a para legally trained person under the supervision of one of the staff attorneys.

Focus of the program has been twofold: To insure that claims made by individuals are processed quickly and that legitimate claims are promptly paid, and to assure that excessive or non-supported claims are carefully and fully reviewed to protect the interests of the government.

When efficiency and fairness provide discernible and direct benefits to the individual employee, and when the same program also produces savings for the taxpayer, that program can be assumed to be well managed.

MSC mariners and maritime academy cadets train at the command's firefighting school at Earle, N.J. Last year nearly 4,000 students were trained. Training plays a large part in MSC operations. (See Personnel).

DEPARTMENT OF THE NAVY
MILITARY SEALIFT COMMAND
WASHINGTON, D. C. 20390

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

POSTAGE AND FEES PAID
DEPARTMENT OF THE NAVY
DOD-316
THIRD CLASS

U.S. MAIL

U.S. GOVERNMENT PRINTING OFFICE 1978-240-822/1